



GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Administration of Subsidy under various Government Sponsored Schemes implemented with the participation of Banks - E-Payment of subsidy to the beneficiaries under Government Sponsored Schemes – Streamlining - Orders - Issued.

FINANCE (IF) DEPARTMENT

G.O.Ms.No. 267

Date: 28-09-2012.

Read the following:

1. Steering Committee meeting of State Level Bankers Committee dated 07.09.2012.
2. Sub-Committee meeting of State Level Bankers Committee dated 11.09.2012

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ORDER:

Implementation of bank-linked economic support schemes with Government subsidy is being done through the Principal Bank system since 1990. Under the system, departments/agencies are allowed to maintain accounts with one branch of each participating bank to lodge the subsidy component in respect of the beneficiaries, who are sanctioned loans through the respective bank branches. This procedure involves release of subsidy by the implementing agency in anticipation of sanctions by the bank concerned which would be utilized by their branches as and when loans are actually sanctioned and schemes grounded.

2. In view of the problems faced over the years in prompt release of subsidy and timely grounding of schemes under the above system, Government has decided to streamline the process of release of the subsidy. The matter was taken up with State Level Bankers Committee (SLBC) which constituted a sub-committee consisting of the Convenor- State Level Bankers Committee (SLBC), 5 Lead Banks, 2 Lead District Managers (LDMs) and nominee of the Finance Department to examine the issue.
3. After detailed discussions, the sub-committee recommended the following modalities towards implementation of e-payment system for subsidy administration:

- a) On selection of beneficiaries under Govt. Sponsored schemes through Grama Sabha or other approved mode, the sponsoring agency will send the list of beneficiaries along with proceedings to the concerned service area bank branch.
- b) On scrutiny and verification, the concerned bank branch will either sanction or reject the proposal, with valid reasons for rejection.
- c) In respect of sanctioned cases, only upon completion of documentation and all the other formalities the Bank requires for grounding, the branch will send request of the beneficiary for release of subsidy to the Government Agency, through email and letter.
- d) Along with request for release of subsidy, bank branch will give loan account number (which is to be opened with 'Zero balance') and also exclusive non-operative SB a/c number opened in the name of beneficiary which is linked to above loan account. This link has been suggested since loan account cannot be opened with credit balance.
- e) Subsidy will be released for the credit of loan account specified above within a maximum period of 15 days on receiving request from the bank branch.

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- f) Upon receiving subsidy into the dedicated/normal SB a/c of the beneficiary, the bank branch will take steps for grounding the unit within a

maximum period of 15 days utilizing the Subsidy released by Government. This time line is relaxable only in cases where purchase committee needs to be constituted (eg. Dairy & other A.H. units).

4. Government after careful examination, hereby accepts the State Level Banker's Committee (SLBC) proposal for replacing the Principal Bank System with a system of Direct release of subsidy from the P.D. Accounts of the respective Corporations to the final loan account of the intended beneficiary.

5. The new system will come into operation from the current Financial Year onwards. All the Welfare Departments, Government Corporations and participating banks are to implement the revised subsidy scheme accordingly.

6. This G.O., is available in Andhra Pradesh Government Website <http://goir.ap.gov.in/>

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**PUSHPA SUBRAHMANAYAM,
PRINCIPAL SECRETARY TO GOVERNMENT(IF)**

To

All the Secretaries/Principal Secretaries/Special Chief Secretaries of the concerned Departments.

All Secretariat Departments.

Chief Executive Officer & Managing Directors of all Welfare Corporations implementing Bank Linked Sponsored Schemes.

The Convenor, State Level Bankers Committee, all Banks implementing Government Sponsored Schemes.

All Lead District Managers.

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